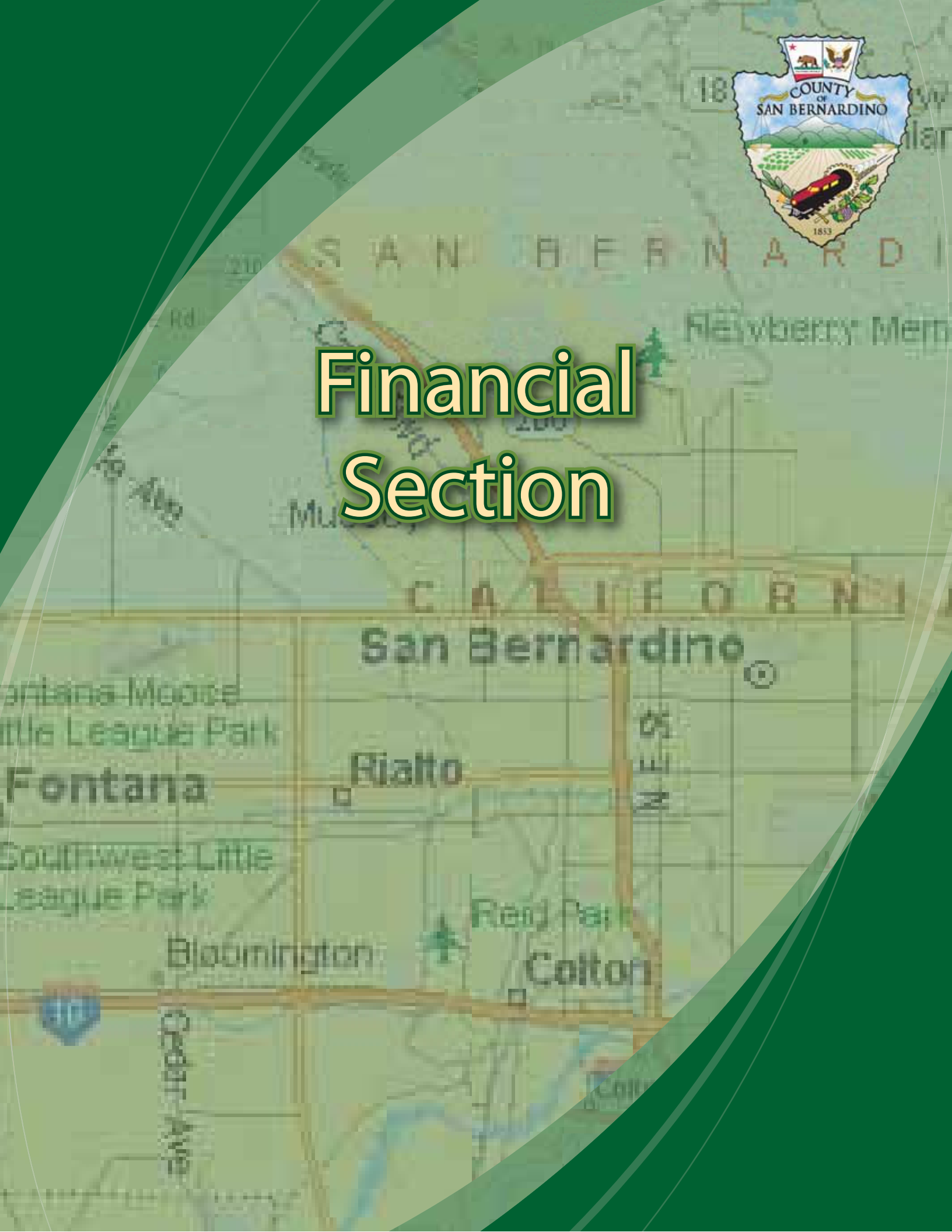
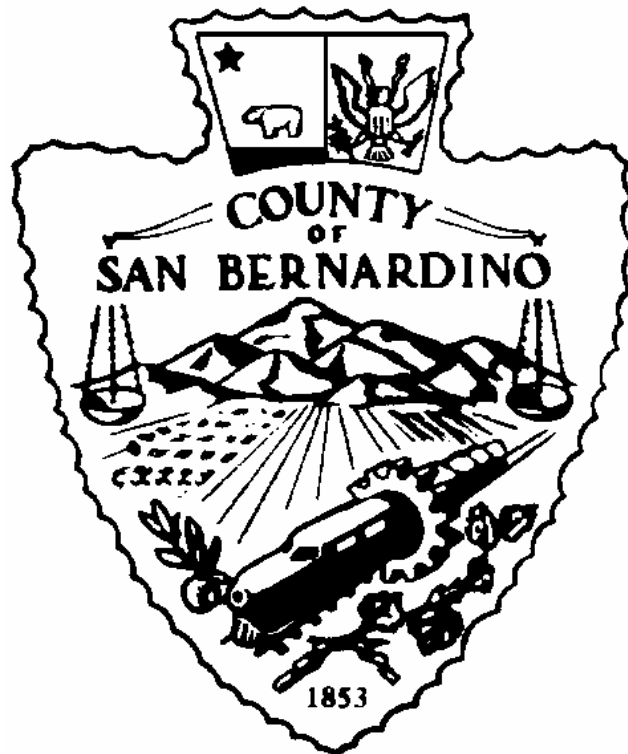




# Financial Section







## INDEPENDENT AUDITORS' REPORT

The Honorable Members of the Board of Supervisors  
County of San Bernardino, California

We have audited the accompanying financial statements of the governmental activities, business-types activities, discretely-presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, California (the County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Bernardino, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

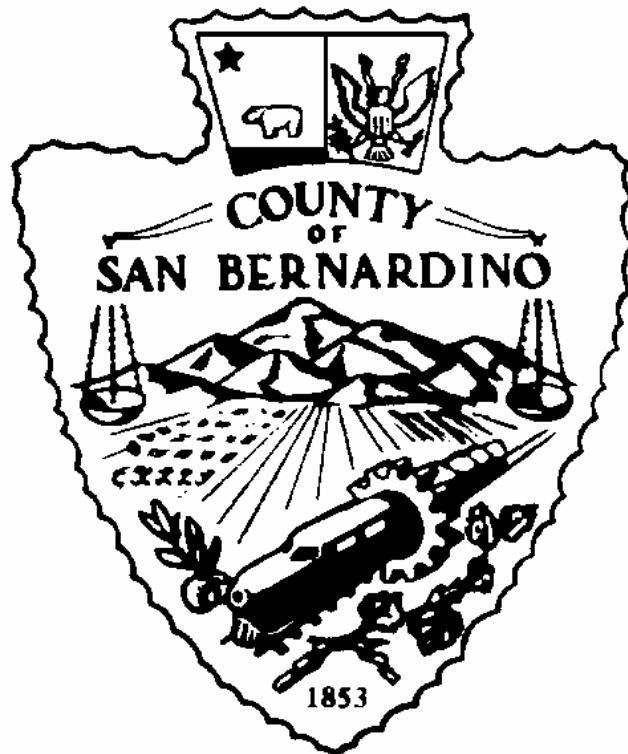
In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2005 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 19 through 36 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, and combining individual non-major fund statements and schedules, and statistical section as listed in the table of contents are presented for purpose of additional analysis and are not a required part of the basic financial statements. The combining, individual non-major fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Vavnick, Trine, Day & Co., LLP*

Rancho Cucamonga, California  
November 10, 2005





# Management's Discussion and Analysis

Fontana-Moose  
Little League Park  
**Fontana**

Southwest Little  
League Park

Bloomington

Rialto

Reid Park

Colton



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Fiscal Year Ended June 30, 2005

This section of the County's annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2005. Please read it in conjunction with the transmittal letter at the front of this report and the County's basic statements following this section.

#### FINANCIAL HIGHLIGHTS (Amounts in thousands)

- The County's total net assets increased by \$190,061. The net increase is attributable to the \$163,939 increase in governmental activities net assets and the \$26,122 increase in business-type activities net assets.
- As of June 30, 2005, the County governmental funds reported combined fund balances of \$790,275, an increase of \$145,765 in comparison with the prior year. Approximately 83.8% of the combined fund balances, \$662,416 is available to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the general fund was \$403,769, or 23.3% of the total general fund expenditures.
- The County's total capital assets increased by \$75,765 in comparison with the prior year. (See further detail on page 34)
- The County's total long-term debt decreased by \$24,339 in comparison with the prior year. (See further detail on pages 34).

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements.

**Government-Wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business. These statements include *all* assets and liabilities of the County using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

## Management's Discussion and Analysis

(Amounts in thousands)

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollectible taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or part of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Museum Gift Shop, and the Regional Parks Snack Bar Operations.

Component units are blended in the basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provided services entirely to the County. The following component units have been blended into the basic financial statements: Fire Protection Districts, Flood Control District, Park and Recreation Districts, Crestline Sanitation District, County Service Areas, various Joint Powers Authorities, ("JPAs") including a Public Benefits Corporation created for the benefit of the County, Inland Empire Facilities Corporation, San Bernardino County Financing Authority and the Crestline Financing Authority.

**The government-wide financial statements can be found on pages 38 - 39 of this report.**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term



## **Management's Discussion and Analysis**

**(Amounts in thousands)**

financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains thirty-three individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**The governmental fund financial statements can be found on pages 42 - 44 of this report.**

**Proprietary funds** are maintained in two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide statements. The County uses enterprise funds to account for the Medical Center, the Crestline Sanitation District, the Water and Sewer Facilities, the Fire Protection Districts – Ambulance, the Waste Systems Division, the Museum Gift Shop, and the Regional Parks Snack Bar Operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its printing services, records management, central mail services, telephone services, computer operations, vehicle services, self-insured worker's compensation, public liability, property conservation, and safety programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Medical Center and Waste Systems Division are considered to be major funds of the County. The County's six internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.

**The proprietary fund financial statements can be found on pages 45 - 47 of this report.**

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the primary government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support County programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

**The fiduciary fund financial statements can be found on pages 48 - 49 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund financial statements. The notes can be found on pages 51 - 96 of this report.

## Management's Discussion and Analysis

(Amounts in thousands)

### Supplemental Information

The Supplemental Information section of this report contains the combining statements and additional budgetary comparison schedules as well as the statistical section. This section is presented to provide additional information that is useful to the users of these financial statements.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$1,633,746 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 1,884,406	\$ 1,849,704	\$ 321,240	\$ 316,083	\$ 2,205,646	\$ 2,165,787
Capital assets	1,186,626	1,169,750	598,811	608,456	1,785,437	1,778,206
Total assets	<u>3,071,032</u>	<u>3,019,454</u>	<u>920,051</u>	<u>924,539</u>	<u>3,991,083</u>	<u>3,943,993</u>
Current and other liabilities	145,494	267,088	46,027	43,065	191,521	310,153
Long-term Liabilities	1,391,245	1,382,012	774,571	808,143	2,165,816	2,190,155
Total liabilities	<u>1,536,739</u>	<u>1,649,100</u>	<u>820,598</u>	<u>851,208</u>	<u>2,357,337</u>	<u>2,500,308</u>
Net assets:						
Invested in capital assets, net of related debt	919,051	892,791	(45,032)	(60,294)	874,019	832,497
Restricted (Note 5)	465,540	400,271	47,908	45,523	513,448	445,794
Unrestricted	149,702	77,292	96,577	88,102	246,279	165,394
<b>Total Net Assets</b>	<u><b>\$ 1,534,293</b></u>	<u><b>\$ 1,370,354</b></u>	<u><b>\$ 99,453</b></u>	<u><b>\$ 73,331</b></u>	<u><b>\$ 1,633,746</b></u>	<u><b>\$ 1,443,685</b></u>

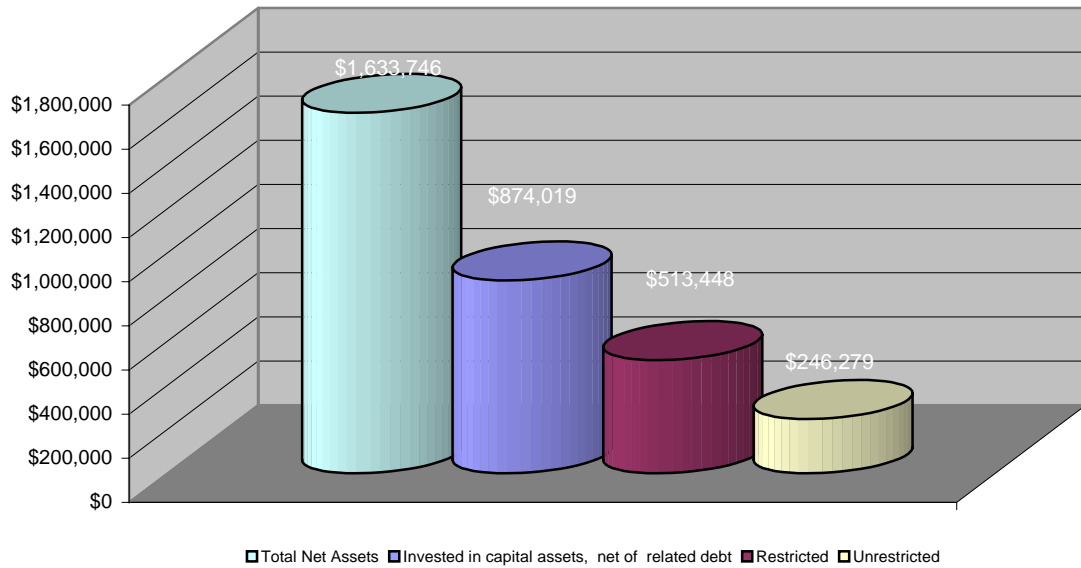
The largest portion of the County's net assets of \$874,019 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of County net assets are restricted net assets of \$513,448. This category reflects external restrictions imposed by creditors, grantors, contributors, or laws and regulation of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

The final component of net assets is unrestricted net assets. Unrestricted net assets are resources that the County may use to meet its current and ongoing obligations to citizens and creditors. The unrestricted net assets balance increased by \$80,885 during the current year, primarily related to General fund revenues exceeding expenses in the amount of \$70 million. The \$70 million is due to the \$38 million received from the VLF loan; the \$11.3 million VLF "true-up"; \$6 million in continued growth in property tax; and \$15 million in excess Public Safety Tax monies.

## Management's Discussion and Analysis (Amounts in thousands)

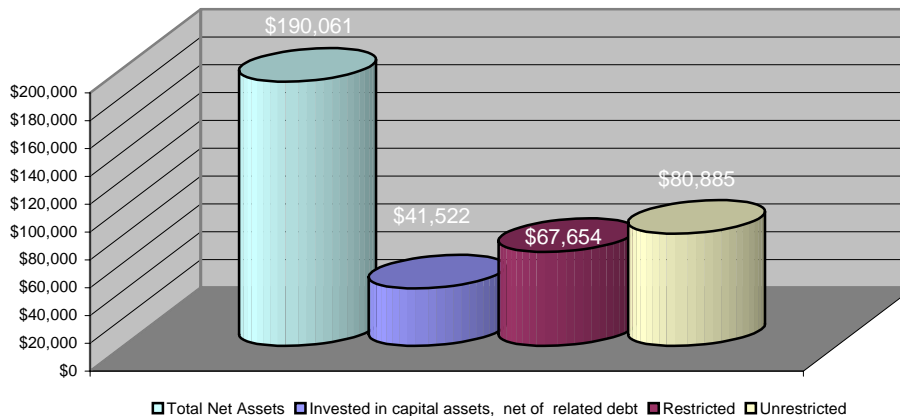
### Net Assets



For business-type activities, the County reported a negative balance of \$45,032 invested in capital assets, net of related debt – an overall increase of \$15,262 from prior year. Although still negative, this balance is primarily due to the Medical Center's capital assets being depreciated faster than the related debt schedule payments.

During the current fiscal year, the County's net assets increased \$190,061 (\$163,939 in governmental activities and \$26,122 in business-type activities). Approximately \$70 million of the governmental activities increase has already been identified as outlined in the discussion regarding the General Fund's increase in unrestricted net assets. The remaining increase is mostly due to increases in other state and federal operating grants and in charges for services.

### Increase in Net Assets



## Management's Discussion and Analysis

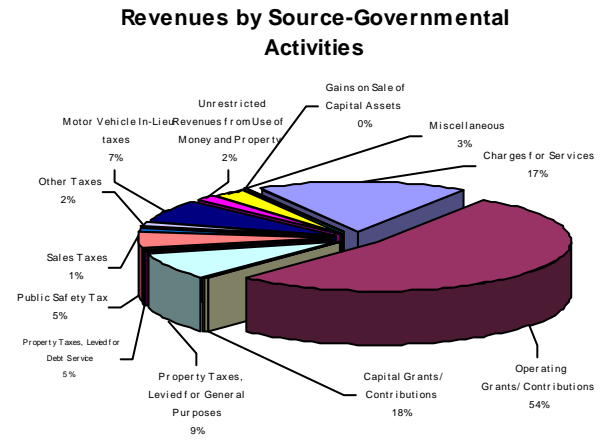
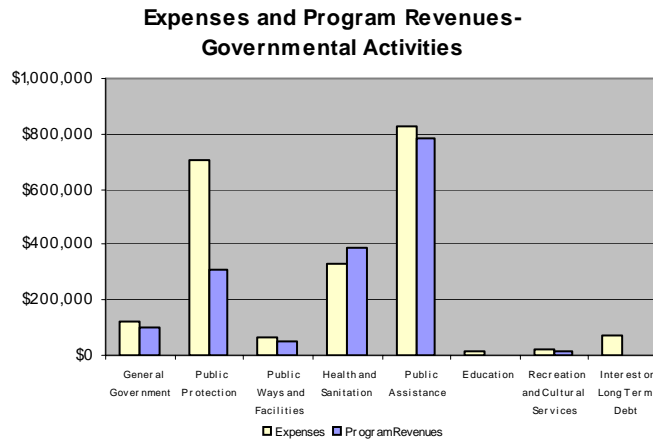
(Amounts in thousands)

The following table indicates the changes in net assets for governmental and business-type activities.

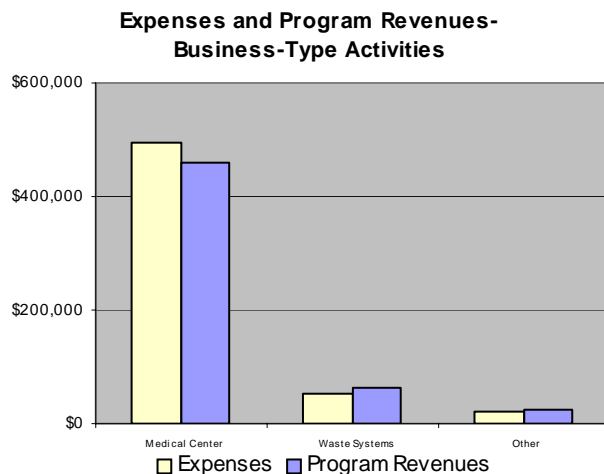
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 408,884	\$ 377,393	\$ 511,368	446,481	\$ 920,252	\$ 823,874
Operating Grants/Contributions	1,238,663	1,189,309	15,761	14,776	1,254,424	1,204,085
Capital Grants/Contributions	6,129	10,608	20,259	22,166	26,388	32,774
General Revenue						
Property Taxes, Levied for General Purposes	213,644	206,860	5,432	5,837	219,076	212,697
Property Taxes, Levied for Debt Service	3,557	4,932	-	-	3,557	4,932
Public Safety Tax	125,222	110,188	-	-	125,222	110,188
Sales Taxes	26,683	22,285	-	-	26,683	22,285
Other Taxes	37,453	25,202	-	-	37,453	25,202
Motor Vehicle In-Lieu taxes	175,266	94,583	-	-	175,266	94,583
Unrestricted Revenues from Use of Money and Property	43,762	33,063	9,695	10,289	53,457	43,352
Miscellaneous	63,545	46,876	6,687	11,747	70,232	58,623
Gains on Sale of Capital Assets	4,857	5,051	20	34	4,877	5,085
Total Revenues	2,347,665	2,126,350	569,222	511,330	2,916,887	2,637,680
<b>Expenses:</b>						
General Government	125,760	132,933	-	-	125,760	132,933
Public Protection	702,624	656,464	-	-	702,624	656,464
Public Ways and Facilities	61,786	37,095	-	-	61,786	37,095
Health and Sanitation	329,669	328,530	-	-	329,669	328,530
Public Assistance	827,800	820,853	-	-	827,800	820,853
Education	16,243	10,357	-	-	16,243	10,357
Recreation and Cultural Services	21,185	22,284	-	-	21,185	22,284
Interest on Long Term Debt	72,041	42,678	-	-	72,041	42,678
Medical Center	-	-	496,437	456,087	496,437	456,087
Waste Systems	-	-	53,835	29,781	53,835	29,781
Other	-	-	19,446	19,827	19,446	19,827
Total Expenses	2,157,108	2,051,194	569,718	505,695	2,726,825	2,556,889
Excess (Deficit) before Transfers	190,557	75,156	(496)	5,635	190,061	80,791
Transfers	(26,618)	(24,063)	26,618	24,063	-	-
Increase in Net Assets	163,939	51,093	26,122	29,698	190,061	80,791
Net Assets -- Beginning of Year	1,370,354	1,319,261	73,331	43,633	1,443,685	1,362,894
Net Assets -- End of Year	\$ 1,534,293	\$ 1,370,354	\$ 99,453	\$ 73,331	\$ 1,633,746	\$ 1,443,685

## Management's Discussion and Analysis (Amounts in thousands)

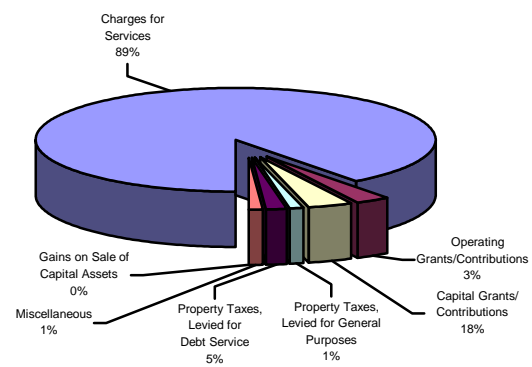
**Governmental Activities** increased the County's net assets by \$163,939. The overall increase in net assets is the result of ongoing and one-time revenues exceeding ongoing expenditures.



**Business-type Activities** increased the County's net assets by \$26,122 primarily due to activities of the Waste Systems Division which account for \$11,800 of the increase; while activities of the Medical Center account for another \$7,000 of the increase. In FY2005, the Waste Systems division's tonnage increased generating \$7,200 in additional revenues.



**Revenues by Source-Business Type Activities**



## **Management's Discussion and Analysis**

(Amounts in thousands)

### **FINANCIAL ANALYSIS OF COUNTY FUNDS**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2005, the County's governmental funds reported a total fund balance of \$790,275, an increase of \$145,765 in comparison with the prior year. Approximately 83.8% of the total fund balance, \$662,416 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay debt service of \$30,719; 2) to reflect inventories, prepaid assets and amounts due from other funds that are long-term in nature of \$2,756; 3) to liquidate contractual commitments of the period of \$84,557; and 4) to reflect the mandated 1% reserve for property tax losses of \$9,827.

The General fund is the chief operating fund of the County. At June 30, 2005, unreserved fund balance of the General fund was \$403,769 while total fund balance reached \$448,736. As a measure of the General fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23.3% of total fund expenditures, while total fund balance represents 25.9% of the same amount.

County management also designates unreserved fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year; however, designated fund balance is available for appropriation at any time. Of the \$403,769 General fund unreserved fund balance, 28.0% is designated. The most significant designations include \$37,214 for General Purpose, \$32,075 for Medical Center Debt Service, \$9,433 for Teeter Plan (reserve for property tax losses), and \$7,000 for Future Retirement Rate. Unreserved undesignated fund balance at year-end was \$290,869.

## Management's Discussion and Analysis

(Amounts in thousands)

Revenues for governmental functions totaled \$2,343,794 in fiscal year 2004-2005, which represents an increase of 10.15% from fiscal year 2003-2004.

The following table presents the amount of revenue from various sources as well as the increases from the prior year.

Revenues	2004-05		Over (Under) 2003-04	
	Amount	Percent of Total	Amount	Percent
Taxes	\$ 400,646	17%	\$ 29,242	7%
Licenses, Permits and Franchises	20,964	1%	2,334	11%
Fines, Forfeitures and Penalties	18,744	1%	2,286	12%
Revenues From Use of Money and Property	44,205	2%	11,142	25%
Aid From Other Governmental Agencies	1,425,832	61%	127,067	9%
Charges for Current Services	369,176	16%	26,871	7%
Other Revenues	64,227	3%	17,073	27%
Total Revenues	<u>\$ 2,343,794</u>	<u>100%</u>	<u>\$ 216,015</u>	

The County's three major funding sources; taxes, aid from other governmental agencies, and charges for current services constitute 93.7% of all revenues.

Taxes increased by \$29,242. Increases in Public Safety Tax and Sales Taxes in amounts of \$15,034 and \$4,398, respectively, along with a continued rise in the assessed valuation and general growth contributed to the increase.

Aid from other governmental agencies increased by \$127,067. Included in this increase is \$37,300 received from the VLF loan and \$11,038 in VLF "true-up" per the State Controller's Office. The additional \$78,729 increase is due to additional program offerings.

Revenues from use of money and property increased by \$11,142 due to an additional \$3,200 earned from the 2004 POB interest rate swap, an additional \$1,275 transferred from Teeter and approximately \$4,996 in increased investment earnings resulting from higher interest rates.

Charges for current services increased by \$26,871 primarily due to fee and workload increases throughout County departments, \$22,180 of which was generated in the General Fund.

Other revenue increased by \$17,073 in the current year. The most significant increases include a \$2 million refund from the Retirement Board for FY04 retirement overpayment and \$3.8 million in GASB 31 fair value adjustments.

## Management's Discussion and Analysis

(Amounts in thousands)

The following table presents expenditures by function compared to prior year amounts.

Expenditures	2004-05		Over (Under) 2003-04	
	Amount	Percent of Total	Amount	Percent
Current:				
General Government	\$ 123,212	6%	\$ (54,814)	-44%
Public Protection	686,856	32%	(173,076)	-25%
Public Ways and Facilities	47,364	2%	(10,212)	-22%
Health and Sanitation	329,595	15%	(57,154)	-17%
Public Assistance	826,829	38%	(97,071)	-12%
Education	15,912	1%	1,883	12%
Recreation and Cultural Services	18,490	1%	(1,055)	-6%
Debt Service				
Principal	31,887	1%	8,724	27%
Interest and Fiscal Charges	44,078	2%	17,351	39%
Capital Outlay	53,914	2%	(6,365)	-12%
Total Expenditures	<u>\$ 2,178,137</u>	<u>100%</u>	<u>\$ (371,789)</u>	

Total County expenditures decreased \$371,789 or 17.1% from fiscal year 2003-2004 to fiscal year 2004-2005. In the prior year, \$463,895 of 2004 Pension Obligation Bonds debt proceeds was transferred to the San Bernardino County Employees' Retirement Association (SBCERA). Discounting this event, total county expenditures increased by \$92,106 in 2004-2005. Of this amount, approximately \$36,000 is due to annual salary and benefit adjustments; \$17,000 is due to increased Public Protection expenditures caused by flooding damage experienced this year; and \$26,000 is due to increases in Debt Service payments, mostly generated by the 2004 Pension Obligation Bonds. Debt service principal payments increased by \$8,724; and debt service interest payments increased by \$17,351. Approximately \$15,000 of the increase in interest payments is attributed to the 2004 Pension Obligation Bond and the remaining amount is due to the overall increase in interest rates affecting the interest payments due on Certificates of Participation with variable interest rates.



## Management's Discussion and Analysis

### (Amounts in thousands)

Other financing sources and uses are presented below to illustrate changes from the prior year.

#### Other Financing Sources (Uses) Governmental Funds

	FY 2004-05	Increase/(Decrease) 2003-04	
		Amount	Percent
Transfers to Other Funds	\$ (198,539)	\$ (71,727)	57%
Transfers from Other Funds	172,054	69,158	67%
Long-term Debt Issued	940	(465,202)	
Issuance of Refunding Bonds	-	-	100%
Payment to Refunded Bonds Escrow Agent	-	-	100%
Inception of Capital Lease Obligations	796	(242)	-23%
Sale of Capital Assets	4,856	1,577	48%
Total Other Financing Sources and (Uses)	<u>\$ (19,893)</u>	<u>\$ (466,436)</u>	

Total Other Financing Sources and (Uses) increased by \$466,436.

Transfers to other funds increased by \$71,727 in 2004-05. The key elements of this increase are as follows:

- Increase of \$10,645 in transfers from the General Fund to the 2004 POB Pension Obligation Debt Service Fund.
- Increase of \$8,341 due to one-time transfers from the General Fund to Capital Project Fund for the acquisition of 303 West 3<sup>rd</sup> Street building in San Bernardino.
- Increase of \$25,629 due to one-time transfers from the General Fund to Capital Project Fund for deferred maintenance/infrastructure projects.
- Increase of \$6,709 in transfers from the General Fund to the Inland Empire Public Facilities Corporation for the lease payment.
- Increase of \$6,700 in transfers from the General Fund to Capital Project Fund for general funded projects, of which \$3,500 was for start-up repair costs at the Adelanto Detention Center.

Transfers from other funds increased by \$69,158 in 2004-05. The key elements of this increase are as follows:

- Increase of \$8,341 due to one-time transfers to Capital Project Fund from the General Fund for the acquisition of 303 West 3<sup>rd</sup> Street building in San Bernardino.
- Increase of \$25,629 due to one-time transfers to Capital Project Fund from the General Fund for deferred maintenance/infrastructure projects.
- Increase of \$6,709 in transfers to the Inland Empire Public Facilities Corporation from the General Fund for the lease payment.
- Increase of \$6,700 in transfers to Capital Project fund from the General Fund for general funded projects, \$3,500 in specific start-up repair costs for the Adelanto Detention Center.
- Increase of \$14,235 in transfers to the 2004 POB Pension Obligation Debt Service Fund from the General Fund and other governmental funds.

## Management's Discussion and Analysis

(Amounts in thousands)

Long-term debt proceeds decreased by \$465,202 mostly due to last year's issuance of 2004 Pension Obligation Bonds with no such activity in the current year.

Sale of capital assets increased by \$1,577, resulting from a sale of land by the Flood Control District in the amount \$3,125 and other various transactions.

### Schedule of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

	Governmental Activities		
	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues	\$ 1,955,101	\$ 388,693	\$ 2,343,794
Expenditures	(1,733,294)	(444,842)	(2,178,136)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	221,807	(56,149)	165,658
Total Other Financing Sources and (Uses)	(102,869)	82,976	(19,893)
Net Change In Fund Balance	118,938	26,827	145,765
Fund Balance, July 1, 2004	329,798	314,712	644,510
Fund Balance, June 30, 2005	<u>\$ 448,736</u>	<u>\$ 341,539</u>	<u>\$ 790,275</u>

In fiscal year 2004-05, the fund balance of the County's General Fund increased by \$145,765. This increase is the result of ongoing and one-time revenues exceeding ongoing expenditures.

## Management's Discussion and Analysis

(Amounts in thousands)

**Proprietary funds.** County proprietary funds provide the same type of format found in the governmental-wide financial statements, but in more detail.

At June 30, 2005, the Medical Center had a total deficit in net assets of \$19,519. The net assets deficit is attributable to capital assets being depreciated faster than the related debt repayment.

The following table shows actual revenues, expenses and results of operations for the current fiscal year:

	Business-Type Activities -- Enterprise Funds			Total Enterprise Funds
	Medical Center	Waste Systems Division	Other Enterprise Funds	
Revenues				
Net Patient Care and Services	\$ 427,102	\$ -	\$ -	\$ 427,102
Charges for Current Services	-	62,500	21,024	83,524
Other	13,443	740	2	14,185
Total Operating Revenues	440,545	63,240	21,026	524,811
Operating Expenses				
Professional Services	32,945	27,647	1,684	62,276
Salaries and Employee Benefits	150,913	4,759	7,342	163,014
Self insurance claims			-	-
Services and Supplies	257,125	15,324	6,732	279,181
Depreciation and Amortization	18,368	4,074	2,699	25,141
Other	5,861	-	672	6,533
Total Operating Expenses	465,212	51,804	19,129	536,145
Operating Income (Loss)	(24,667)	11,436	1,897	(11,334)
Nonoperating Revenues (Expenses)				
Interest Revenue	5,486	3,390	819	9,695
Interest Expense	(31,907)	(2,031)	(317)	(34,255)
Tax Revenue	1,464	-	3,968	5,432
Grant Revenue	20,259	-	2,318	22,577
Gain (Loss) on Sale of Capital Assets	-	-	20	20
Other Nonoperating Revenues	-	4,951	1,278	6,229
Other Nonoperating Expenses	682	-	-	682
Total Nonoperating Revenues (Expenses)	(4,016)	6,310	8,086	10,380
Income (Loss) Before Transfers	(28,683)	17,746	9,983	(954)
Transfers to Other Funds	(4,729)	(5,947)	(3,744)	(14,420)
Transfers from Other Funds	40,637	-	859	41,496
Change in Net Assets (Deficit)	7,225	11,799	7,098	26,122
Net Assets (Deficit), July 1, 2003, as Restated	(26,744)	7,358	92,717	73,331
Net Assets (Deficit), June 30, 2004	\$ (19,519)	\$ 19,157	\$ 99,815	\$ 99,453

The net increase in net assets was primarily due to activities in the Waste Systems Division. The key factor in the increase was a reduction in closure/post-closure costs due to an increase in landfill capacity. See Note 16 on page 90.

The non-major enterprise fund net assets increased by \$7,098 as a result of increased user fees over expenses.

## **Management's Discussion and Analysis**

(Amounts in thousands)

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The County's final expenditure budget differs from the original budget by less than 1%. Supplemental net appropriations of \$611 were approved during the fiscal year. The significant components of this net increase are summarized below:

- On November 2, 2004, the Board adopted a budget amendment to increase the budgets of the Sheriff by \$3,135 and the Public Health Department by \$1,076. These increases were due to the acceptance of the Homeland Security grant.
- On November 2, 2004, the Board adopted a budget amendment to decrease the budgets of all General fund departments by \$4,952. This decrease was due to the savings in retirement costs due to the issuance of the 2004 Pension Obligation Bond.
- On November 2, 2004, the Board adopted a budget amendment to increase the budgets of the District Attorney by \$1,884 and the Public Defender by \$1,543. These increases were due to increases in District Attorney and Public Defender caseloads. Additionally, growth in Proposition 172 Public Safety Tax revenue was more than anticipated.
- On November 2, 2004, the Board adopted a budget amendment to increase the budget of the Sheriff by \$4,532. This budget amendment reflects increased Proposition 172 Public Safety Tax revenue and a State budget impact adjustment to restore funding for vacant positions and overtime in the Sheriff's Department.
- On November 2, 2004, the Board adopted a budget amendment to decrease the contingency budget by \$21,494. The majority of this amendment sets aside \$2,700 for workload adjustments, \$7,000 for future financing needs and \$3,000 for a business process improvement reserve. The remaining amount was appropriated to various General fund departments to offset increased caseloads and workloads.
- On November 23, 2004, the Board adopted a budget amendment to increase the Sheriff's budget by \$5,200. On February 1, 2005, the Board adopted a budget amendment to increase the Sheriff's budget by \$3,205. The combined budget amendments were used to purchase three new helicopters.
- On June 21, 2005, the Board adopted a budget amendment to increase the Human Services budget by \$15,275. This amendment was due to the State budget impacts.
- On June 21, 2005, the Board adopted a budget amendment to increase the Health Care Costs budget by \$14,200. This amendment appropriated \$4,200 for the Medical Center's annual lease payment due to a reduction in the State's portion. The remaining \$10,000 was appropriated for the SB 855 transfers to the State.

## **Management's Discussion and Analysis**

### **(Amounts in thousands)**

The County's final Other Financing Sources/Uses budget differs from the original budget by approximately 80%. Supplemental appropriations of \$51,659 were approved during the fiscal year. The significant elements of this increase are summarized below:

- On June 29, 2004, the Board adopted a fiscal year 2005 budget amendment to increase the Capital Improvement Program budget by \$8,341. This amendment is due to one-time transfers from the General Fund to Capital Project fund for the acquisition of 303 West 3<sup>rd</sup> Street building in San Bernardino.
- On November 30, 2004, the Board adopted a budget amendment to increase the Capital Improvement Program budget by \$25,629. This amendment is due to one-time transfers from the General fund to Capital Project fund for deferred maintenance/infrastructure projects

The General fund budget to actual statement can be found on page 44 of this report.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital assets**

The County's equity investment in capital assets for governmental and business-type activities as of June 30, 2005, amounted to \$874,019 - net of related debt. This investment in capital assets includes land, improvements to land, structures and improvements, equipment, construction-in-progress (CIP), and infrastructure less bonds and capital leases payable related to those assets.

Major capital asset events during the current fiscal year include the following:

- The Waste Systems Division had approximately \$10,292 in additions to CIP primarily comprised of the following projects: 1) The Mid Valley Expansion – Unit 3 Phase 4 liner project in the amount of \$4,405; 2) the Mid Valley Expansion – Unit 3 Phase 3 liner project in the amount of \$2,187; 3) the Mid Valley Expansion – Unit 3 Phase 5 liner project in the amount of \$1,025; 4) the Mid Valley Perchlorate/Groundwater Treatment Facility project in the amount of \$1,682.
- The Special Aviation fund had various projects in construction with a value in CIP of \$9,934. The majority of the CIP was attributed to projects at Chino Airport Facility.
- The Capital Improvement Fund has completed the Juvenile Hall Housing Facility Remodel project with a cost of \$27,195.
- The Flood Control fund has various flood control channel facilities under construction with a CIP value of \$32,568. The flood control facilities were primarily comprised of the West State Street Drain in the amount of \$14,445 and the San Timoteo project with a CIP value of \$6,634.

## Management's Discussion and Analysis

### (Amounts in thousands)

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent
	2005	2004	2005	2004	2005	2004	of Change
Land	\$ 61,780	\$ 48,501	\$ 39,505	\$ 39,400	\$ 101,285	\$ 87,901	15.23%
Construction in progress	79,340	134,764	20,855	11,587	100,195	146,351	-31.54%
Improvements other than Buildings	128,484	119,526	219,074	215,496	347,558	335,022	3.74%
Structures and Improvements	500,855	450,983	508,765	508,061	1,009,620	959,044	5.27%
Equipment	201,980	197,780	100,433	100,784	302,413	298,564	1.29%
Capitalized Software	2,708	-	-	-	2,708	-	0.00%
Infrastructure	1,033,446	994,578	-	-	1,033,446	994,578	3.91%
Total	\$ 2,008,593	\$ 1,946,132	\$ 888,632	\$ 875,328	\$ 2,897,225	\$ 2,821,460	2.69%

Additional information on the County's capital assets can be found on Note 9 on pages 74-75 of this report.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB No. 34.

### Long-term debt

Major long-term debt events during the current fiscal year include the following:

- Amortization of deferred amount of refunding and discounts totaling \$20,242.
- Principal payments made on debt for a total of \$58,131. The total includes \$54,331 in annual principal payments due, plus \$3,800 in prepayment of outstanding principal in Certificates of Participation.
- The beginning balance of the estimated liability for closure/postclosure care costs was reduced by \$8,716. Please refer to notes of the basic financial statements (Note 4) for further detail.

Long-term debt of the governmental and business-type activities are presented below to illustrate changes from the prior year:

	Governmental Activities		Business-type Activities		Total		Increase/ (Decrease) Percent
	2005	2004	2005	2004	2005	2004	of Change
Certificates of Participation	\$ 212,704	\$ 225,523	\$ 645,146	\$ 670,652	\$ 857,850	\$ 896,175	-4.28%
General Obligation Bonds	-	-	2,045	2,321	2,045	2,321	-11.89%
Revenue Bonds	439,539	437,820	-	-	439,539	437,820	0.39%
Other Bonds and Notes Payable	484,409	484,755	4,435	3,836	488,844	488,591	0.05%
Compensated Absences	104,522	100,135	7,936	7,255	112,458	107,390	4.72%
Capital Lease Obligations	4,457	5,517	1,305	1,659	5,762	7,176	-19.70%
Estimated Liability for Litigation and Self-Insured Claims	115,714	101,709	-	-	115,714	101,709	13.77%
Estimated Liability for Closure/Postclosure Care Cost	-	-	113,704	122,420	113,704	122,420	-7.12%
Other Long-Term Debt	29,900	26,553	-	-	29,900	26,553	12.60%
Total	\$ 1,391,245	\$ 1,382,012	\$ 774,571	\$ 808,143	\$ 2,165,816	\$ 2,190,155	-1.11%

Additional information on the County's long-term debt can be found in Note 11 on pages 77-84 of this report.

## **Management's Discussion and Analysis**

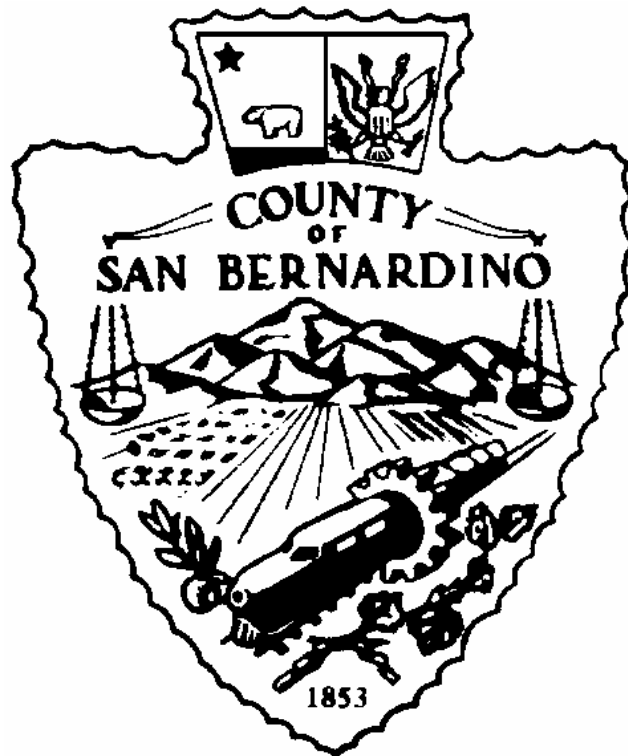
(Amounts in thousands)

### **ECONOMIC FACTORS AND FY05 BUDGETING**

1. Property tax revenues have increased due to a rise in assessed valuation resulting from rising home prices and sales volume activity.
2. Sales of new and existing homes in the County continue to rise due to the increased demand for affordable housing in the region. This demand is directly related to the job growth of the area and the continued migration of families from higher priced coastal counties of California.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report, separate reports of the County's component units or need any additional financial information, contact the Auditor/Controller-Recorder Office, 222 W. Hospitality Lane, County of San Bernardino, California, 92415.







# Basic Financial Statements

San Bernardino

Fontana  
Little League Park  
Fontana

Rialto

Southwest Little  
League Park

Bloomington

Red Park

Colton

Credit Ave



# Government-Wide Financial Statements

Fontana-Moose  
Little League Park  
**Fontana**

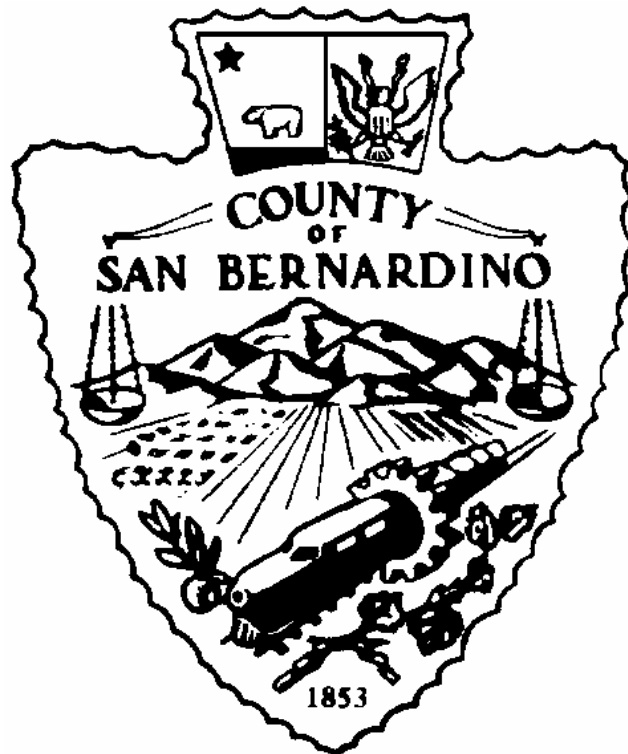
Rialto

Southwest Little  
League Park

Bloomington

Reid Park

Colton



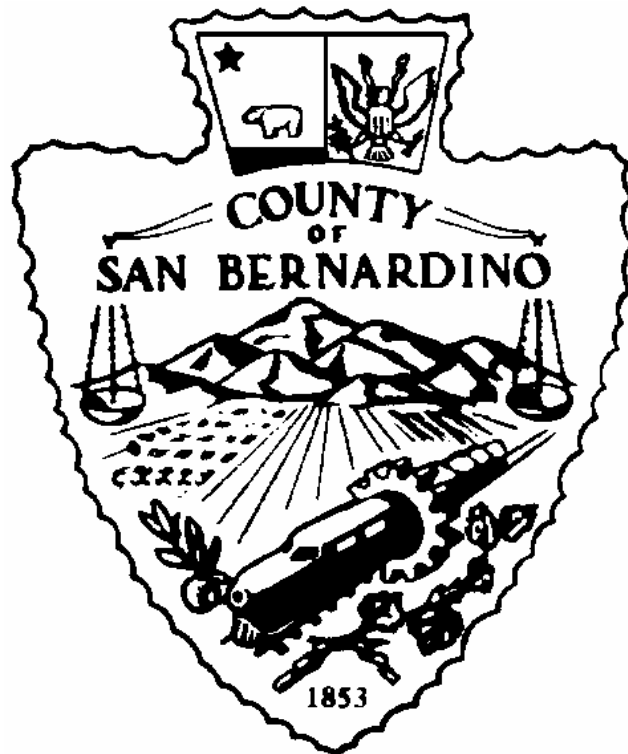
**COUNTY OF SAN BERNARDINO**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2005 (IN THOUSANDS)**

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
<b>ASSETS</b>				
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 725,232	\$ 79,767	\$ 804,999	\$ 77,686
INVESTMENTS	11,229	-	11,229	-
ACCOUNTS RECEIVABLE - NET (NOTE 2)	2,931	41,962	44,893	-
TAXES RECEIVABLE (NOTE 2)	22,572	679	23,251	-
INTEREST RECEIVABLE	2,594	799	3,393	-
LOAN RECEIVABLE	7,100	-	7,100	-
OTHER RECEIVABLES	2,684	-	2,684	-
DUE FROM OTHER GOVERNMENTS	238,531	19,095	257,626	5,065
INTERNAL BALANCES	15,599	(15,599)	-	-
DUE FROM PRIMARY GOVERNMENT	-	-	-	468
INVENTORIES	2,377	1,553	3,930	-
PREPAID ITEMS	1,604	12,952	14,556	16
DEFERRED CHARGES	6,898	1,783	8,681	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	173	169,160	169,333	-
OTHER ASSETS	-	9,089	9,089	-
PREPAID PENSION ASSET	844,882	-	844,882	-
LAND (NOTE 9)	61,780	39,505	101,285	-
STRUCTURES, IMPROVEMENTS, AND INFRASTRUCTURE (NOTE 9)	1,662,785	727,839	2,390,624	-
EQUIPMENT (NOTE 9)	201,980	100,433	302,413	249
CAPITALIZED SOFTWARE (NOTE 9)	2,708	-	2,708	-
ACCUMULATED DEPRECIATION AND AMORTIZATION (NOTE 9)	(821,967)	(289,821)	(1,111,788)	(112)
CONSTRUCTION IN PROGRESS (NOTE 9)	79,340	20,855	100,195	-
<b>TOTAL ASSETS</b>	<b>3,071,032</b>	<b>920,051</b>	<b>3,991,083</b>	<b>83,372</b>
<b>LIABILITIES</b>				
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	40,584	22,441	63,025	2,136
SALARIES AND BENEFITS PAYABLE	50,699	8,952	59,651	77
DUE TO OTHER GOVERNMENTS	24,275	1,333	25,608	318
INTEREST PAYABLE	12,864	13,285	26,149	-
DEFERRED REVENUE	17,072	16	17,088	-
NONCURRENT LIABILITIES (NOTE 11):				
PORTION DUE OR PAYABLE IN ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	69,447	5,860	75,307	11
COP BONDS AND NOTES PAYABLE (NOTE 11)	33,337	29,970	63,307	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	1,172	366	1,538	-
OTHER LONG TERM LIABILITIES (NOTE 11)	809	-	809	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	16,386	16,386	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	36,826	-	36,826	-
PORTION DUE OR PAYABLE AFTER ONE YEAR:				
COMPENSATED ABSENCES PAYABLE (NOTE 11)	35,075	2,076	37,151	31
COP BONDS AND NOTES PAYABLE, NET (NOTE 11)	1,103,315	621,656	1,724,971	-
CAPITAL LEASE OBLIGATIONS (NOTE 11 & 13)	3,285	939	4,224	-
OTHER LONG TERM LIABILITIES (NOTE 11)	29,091	-	29,091	-
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS (NOTE 11&16)	-	97,318	97,318	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS (NOTE 10&11)	78,888	-	78,888	-
	<b>1,536,739</b>	<b>820,598</b>	<b>2,357,337</b>	<b>2,573</b>
<b>NET ASSETS:</b>				
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	919,051	(45,032)	874,019	137
RESTRICTED (NOTE 5)				
LEGALLY SEGREGATED SPECIAL REVENUE FUNDS FOR GRANTS AND OTHER PURPOSES	251,152	-	251,152	3,017
DEBT SERVICE	30,719	47,908	78,627	-
CAPITAL PROJECT FUNDS	59,186	-	59,186	-
PERMANENT FUNDS	482	-	482	-
STATE REALIGNMENT FUNDS	124,001	-	124,001	-
UNRESTRICTED	149,702	96,577	246,279	77,645
<b>TOTAL NET ASSETS</b>	<b>\$ 1,534,293</b>	<b>\$ 99,453</b>	<b>\$ 1,633,746</b>	<b>\$ 80,799</b>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)

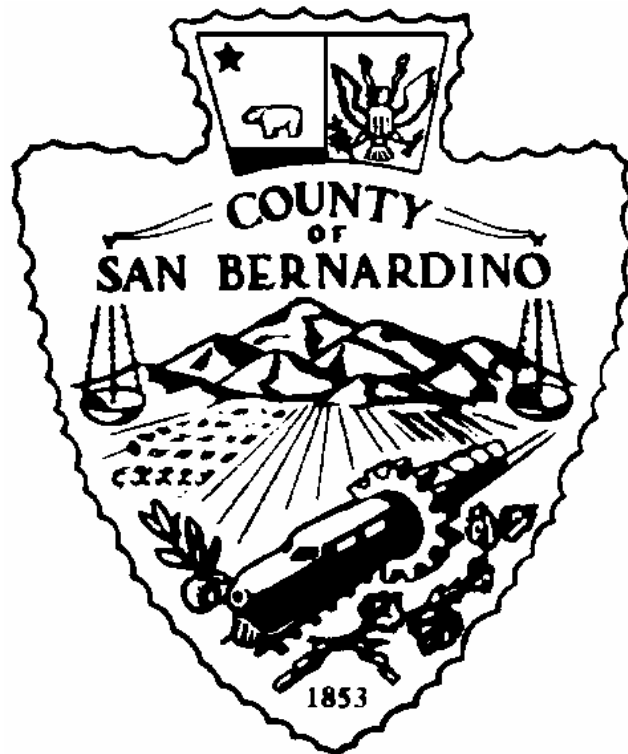
	PRIMARY GOVERNMENT							COMPONENT UNIT
	PROGRAM REVENUES				NET (EXPENSE)/REVENUE AND CHANGES IN NET ASSETS			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	FIRST 5 SAN BERNARDINO
<b>FUNCTIONS/PROGRAMS</b>								
<b>PRIMARY GOVERNMENT:</b>								
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$ 125,760	\$ 93,122	\$ 8,646	\$ -	\$ (23,992)	\$ -	\$ (23,992)	\$ -
PUBLIC PROTECTION	702,624	160,169	151,158	-	(391,297)	-	(391,297)	-
PUBLIC WAYS AND FACILITIES	61,786	3,416	41,539	6,129	(10,702)	-	(10,702)	-
HEALTH AND SANITATION	329,669	141,471	246,782	-	58,584	-	58,584	-
PUBLIC ASSISTANCE	827,800	2,356	785,408	-	(40,036)	-	(40,036)	-
EDUCATION	16,243	1,008	762	-	(14,473)	-	(14,473)	-
RECREATION AND CULTURAL SERVICES	21,185	7,342	4,368	-	(9,475)	-	(9,475)	-
INTEREST ON LONG TERM DEBT	72,041	-	-	-	(72,041)	-	(72,041)	-
TOTAL GOVERNMENTAL ACTIVITIES	2,157,108	408,884	1,238,663	6,129	(503,432)	-	(503,432)	-
BUSINESS-TYPE ACTIVITIES:								
MEDICAL CENTER	496,437	427,102	13,443	20,259	-	(35,633)	(35,633)	-
WASTE SYSTEMS	53,835	63,240	-	-	-	9,405	9,405	-
OTHER	19,446	21,026	2,318	-	-	3,898	3,898	-
TOTAL BUSINESS-TYPE ACTIVITIES	569,718	511,368	15,761	20,259	-	(22,330)	(22,330)	-
TOTAL PRIMARY GOVERNMENT	\$ 2,726,825	\$ 920,252	\$ 1,254,424	\$ 26,388	\$ (503,432)	\$ (22,330)	\$ (525,761)	-
<b>COMPONENT UNIT</b>								
FIRST 5 SAN BERNARDINO	\$ 18,095	\$ -	\$ 28,619	\$ -	\$ -	\$ -	\$ -	\$ 10,524
GENERAL REVENUES:								
PROPERTY TAXES, LEVIED FOR GENERAL PURPOSES					213,644	5,432	219,076	-
PROPERTY TAXES, LEVIED FOR DEBT SERVICE					3,557	-	3,557	-
PUBLIC SAFETY TAX					125,222	-	125,222	-
SALES TAXES					26,683	-	26,683	-
OTHER TAXES					37,453	-	37,453	-
MOTOR VEHICLE IN-LIEU TAXES					175,266	-	175,266	-
UNRESTRICTED REVENUES FROM USE OF MONEY AND PROPERTY					43,762	9,695	53,457	2,182
MISCELLANEOUS					63,545	6,687	70,232	29
GAINS ON SALE OF CAPITAL ASSETS					4,857	20	4,877	-
TRANSFERS					(26,618)	26,618	-	-
TOTAL GENERAL REVENUES AND TRANSFERS					667,371	48,452	715,823	2,211
CHANGE IN NET ASSETS					163,939	26,122	190,061	12,735
NET ASSETS - BEGINNING					1,370,354	73,331	1,443,685	68,064
NET ASSETS - ENDING					\$ 1,534,293	\$ 99,453	\$ 1,633,746	\$ 80,799





# Fund Financial Statements







**COUNTY OF SAN BERNARDINO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005 (IN THOUSANDS)**

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 306,003	\$ 321,054	\$ 627,057
INVESTMENTS (NOTE 6)	-	11,229	11,229
ACCOUNTS RECEIVABLES - NET (NOTE 2)	2,396	461	2,857
TAXES RECEIVABLE (NOTE 2)	17,486	9,708	27,194
INTEREST RECEIVABLE	2,376	218	2,594
LOANS RECEIVABLE	1,817	-	1,817
OTHER RECEIVABLES	2,353	331	2,684
DUE FROM OTHER FUNDS (NOTE 7)	39,293	15,661	54,954
DUE FROM OTHER GOVERNMENTS (NOTE 2)	199,170	23,054	222,224
INVENTORIES	295	214	509
PREPAID ITEMS	7	23	30
INTERFUND RECEIVABLE (NOTE 7)	-	400	400
RESTRICTED CASH AND INVESTMENTS (NOTES 6 & 8)	-	173	173
<b>TOTAL ASSETS</b>	<b>\$ 571,196</b>	<b>\$ 382,526</b>	<b>\$ 953,722</b>
<b>LIABILITIES AND FUND BALANCES</b>			
ACCOUNTS PAYABLE	\$ 26,987	\$ 9,628	\$ 36,615
SALARIES AND BENEFITS PAYABLE	41,415	7,471	48,886
DUE TO OTHER FUNDS (NOTE 7)	7,670	15,407	23,077
DUE TO OTHER GOVERNMENTS	22,059	2,216	24,275
OTHER ACCRUED LIABILITIES	-	809	809
DEFERRED REVENUE (NOTE 2)	24,329	4,806	29,135
INTERFUND PAYABLE (NOTE 7)	-	650	650
<b>TOTAL LIABILITIES</b>	<b>122,460</b>	<b>40,987</b>	<b>163,447</b>
<b>FUND BALANCES (NOTE 5):</b>			
RESERVED FOR:			
ENCUMBRANCES	33,021	51,536	84,557
PREPAID ITEMS	7	23	30
NONCURRENT INTERFUND RECEIVABLES	-	400	400
INVENTORIES	295	214	509
LOANS RECEIVABLE	1,817	-	1,817
DEBT SERVICE	-	30,719	30,719
TEETER	9,827	-	9,827
UNRESERVED, REPORTED IN:			
DESIGNATED	112,900	-	112,900
UNDESIGNATED			
GENERAL FUND	290,869	-	290,869
SPECIAL REVENUE FUNDS	-	204,808	204,808
CAPITAL PROJECTS FUNDS	-	53,357	53,357
PERMANENT FUNDS	-	482	482
<b>TOTAL FUND BALANCES</b>	<b>448,736</b>	<b>341,539</b>	<b>790,275</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 571,196</b>	<b>\$ 382,526</b>	

Amounts reported for governmental activities in the statement of net assets are different because (NOTE 4):

Capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. 1,167,594

Other long-term assets that are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds. 15,951

Net Pension Obligation Bond 848,853

Internal service funds that are used by management to charge the costs of general services, telephone services, computer operations, vehicle services, risk management, and flood control equipment to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. (4,524)

Interest Payable (12,864)

Long-term liabilities, including bonds payable, that are not due and payable in the current period and therefore are not reported in the funds. (1,270,992)

Net assets of governmental activities (page 38) \$ 1,534,293

COUNTY OF SAN BERNARDINO  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)

	GENERAL FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>			
TAXES	\$ 310,228	\$ 90,418	\$ 400,646
LICENSES, PERMITS AND FRANCHISES	20,729	235	20,964
FINES, FORFEITURES AND PENALTIES	8,797	9,947	18,744
REVENUES FROM USE OF MONEY AND PROPERTY	30,361	13,844	44,205
AID FROM OTHER GOVERNMENTAL AGENCIES	1,230,913	194,919	1,425,832
CHARGES FOR CURRENT SERVICES	333,342	35,834	369,176
OTHER REVENUES	20,731	43,496	64,227
<b>TOTAL REVENUES</b>	<b>1,955,101</b>	<b>388,693</b>	<b>2,343,794</b>
<b>EXPENDITURES:</b>			
CURRENT:			
GENERAL GOVERNMENT	111,340	11,872	123,212
PUBLIC PROTECTION	524,385	162,471	686,856
PUBLIC WAYS AND FACILITIES	2,106	45,257	47,364
HEALTH AND SANITATION	324,899	4,696	329,595
PUBLIC ASSISTANCE	744,837	81,992	826,829
EDUCATION	2,751	13,161	15,912
RECREATION AND CULTURAL SERVICES	11,024	7,466	18,490
DEBT SERVICE			
PRINCIPAL	288	31,599	31,887
INTEREST AND FISCAL CHARGES	2,505	41,573	44,078
CAPITAL OUTLAY	9,159	44,755	53,914
<b>TOTAL EXPENDITURE</b>	<b>1,733,294</b>	<b>444,842</b>	<b>2,178,136</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>221,807</b>	<b>(56,149)</b>	<b>165,658</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
TRANSFERS TO OTHER FUNDS (NOTE 7)	(146,382)	(52,157)	(198,539)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	42,520	129,534	172,054
LONG-TERM DEBT ISSUED	-	940	940
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	393	403	796
SALE OF CAPITAL ASSETS	600	4,256	4,856
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(102,869)</b>	<b>82,976</b>	<b>(19,893)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>118,938</b>	<b>26,827</b>	<b>145,765</b>
<b>FUND BALANCE, JULY 1, 2004</b>	<b>329,798</b>	<b>314,712</b>	<b>644,510</b>
<b>FUND BALANCE, JUNE 30, 2005</b>	<b>\$ 448,736</b>	<b>\$ 341,539</b>	<b>\$ 790,275</b>
<b>NET CHANGES IN FUND BALANCES -- TOTAL GOVERNMENTAL</b>			<b>\$ 145,765</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.			17,295
Internal service funds are used by management to charge the costs of general service group, telephone services, computer operations, vehicle services, risk management, and flood control equipment. The net revenues of the internal service funds is reported within governmental activities.			7,844
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.			(986)
Expenses in the statement of activities that do no require the use of the current financial resources and, therefore, are not reported as expenditures in the governmental funds.			(17,198)
Amortization of the95 POBs prepaid asset and the amortization of the 04 POB deferred costs.			(3,565)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds, report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.			14,784
<a href="#">Changes in net assets of governmental activities (page 39)</a>			<b>\$ 163,939</b>

COUNTY OF SAN BERNARDINO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL ON A BUDGETARY BASIS  
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)

	BUDGETED AMOUNTS		ACTUAL AMOUNTS	VARIANCE WITH FINAL BUDGET - POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>REVENUES</b>				
TAXES	\$ 260,590	\$ 296,940	\$ 310,228	\$ 13,288
LICENSES, PERMITS AND FRANCHISES	18,556	20,658	20,729	71
FINES, FORFEITURES AND PENALTIES	7,591	7,660	8,797	1,137
REVENUES FROM USE OF MONEY AND PROPERTY	24,377	25,990	30,361	4,371
AID FROM OTHER GOVERNMENTAL AGENCIES	1,114,107	1,176,413	1,230,913	54,500
CHARGES FOR CURRENT SERVICES	302,637	331,316	333,342	2,026
OTHER REVENUES	12,759	13,047	20,731	7,684
<b>TOTAL REVENUES</b>	<b>1,740,617</b>	<b>1,872,024</b>	<b>1,955,101</b>	<b>83,077</b>
<b>EXPENDITURES:</b>				
CURRENT:				
GENERAL GOVERNMENT	224,693	165,222	112,948	52,274
PUBLIC PROTECTION	535,826	545,655	526,016	19,639
PUBLIC WAYS AND FACILITIES	2,496	2,117	2,116	1
HEALTH AND SANITATION	384,458	400,308	331,859	68,449
PUBLIC ASSISTANCE	759,187	774,592	745,621	28,971
EDUCATION	2,775	2,775	2,751	24
RECREATION AND CULTURAL SERVICES	10,668	11,629	11,075	554
DEBT SERVICE	-	-	-	-
PRINCIPAL	411	421	288	133
INTEREST AND FISCAL CHARGES	5,073	4,463	2,505	1,958
CAPITAL OUTLAY	4,631	23,647	21,504	2,143
<b>TOTAL EXPENDITURE</b>	<b>1,930,218</b>	<b>1,930,829</b>	<b>1,756,683</b>	<b>174,146</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>(189,601)</b>	<b>(58,805)</b>	<b>198,418</b>	<b>257,223</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
TRANSFERS TO OTHER FUNDS (NOTE 7)	(120,576)	(173,573)	(146,382)	27,191
TRANSFERS FROM OTHER FUNDS (NOTE 7)	54,764	56,102	42,520	(13,582)
LONG-TERM DEBT ISSUED	-	-	-	-
INCEPTION OF CAPITAL LEASE OBLIGATIONS (NOTE 11)	393	393	393	-
SALE OF CAPITAL ASSETS	730	730	600	(130)
<b>TOTAL OTHER FINANCING SOURCES AND (USES)</b>	<b>(64,689)</b>	<b>(116,348)</b>	<b>(102,869)</b>	<b>13,479</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(254,290)</b>	<b>(175,153)</b>	<b>95,549</b>	<b>270,702</b>
<b>FUND BALANCE, JULY 1, 2004</b>	<b>320,166</b>	<b>320,166</b>	<b>320,166</b>	<b>-</b>
<b>FUND BALANCE, JUNE 30, 2005</b>	<b>\$ 65,876</b>	<b>\$ 145,013</b>	<b>\$ 415,715</b>	<b>\$ 270,702</b>

COUNTY OF SAN BERNARDINO  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2005 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES --				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	ENTERPRISE FUNDS				
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
<b>ASSETS</b>					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 14,997	\$ 21,482	\$ 43,288	\$ 79,767	\$ 98,175
ACCOUNTS RECEIVABLE - NET (NOTE 2)	30,212	9,007	2,743	41,962	75
TAXES RECEIVABLE	-	679	-	679	-
INTEREST RECEIVABLE	-	799	-	799	-
DUE FROM OTHER FUNDS (NOTE 7)	2,184	945	409	3,538	365
DUE FROM OTHER GOVERNMENTS	17,568	4,782	894	23,244	618
INVENTORIES	1,471	-	82	1,553	1,868
PREPAID ITEMS	2,120	10,832	-	12,952	1,574
TOTAL CURRENT ASSETS	68,552	48,526	47,416	164,494	102,675
NONCURRENT ASSETS:					
DEFERRED CHARGES	-	1,783	-	1,783	-
RESTRICTED CASH AND INVESTMENTS (NOTE 6 & 8)	61,817	107,343	-	169,160	-
INTERFUND RECEIVABLE (NOTE 7)	-	-	-	-	1,000
OTHER ASSETS	9,089	-	-	9,089	-
LAND, STRUCTURE, IMPROVEMENTS, AND INFRASTRUCTURE	513,294	147,478	106,572	767,344	7,049
EQUIPMENT	95,079	1,726	3,628	100,433	51,805
ACCUMULATED DEPRECIATION AND AMORTIZATION	(150,353)	(85,516)	(53,952)	(289,821)	(39,867)
CONSTRUCTION IN PROGRESS	617	15,882	4,356	20,855	45
TOTAL NONCURRENT ASSETS	529,543	188,696	60,604	778,843	20,032
TOTAL ASSETS	598,095	237,222	108,020	943,337	122,707
<b>LIABILITIES</b>					
CURRENT LIABILITIES:					
ACCOUNTS PAYABLE AND OTHER CURRENT LIABILITIES	13,017	8,849	575	22,441	3,969
SALARIES AND BENEFITS PAYABLE	8,656	287	9	8,952	1,813
DUE TO OTHER FUNDS (NOTE 7)	10,843	11,466	977	23,286	705
DUE TO OTHER GOVERNMENTS	-	1,292	41	1,333	-
INTEREST PAYABLE	13,140	54	91	13,285	-
DEFERRED REVENUE	-	-	16	16	300
COMPENSATED ABSENCES PAYABLE (NOTE 11)	5,647	207	6	5,860	1,986
BONDS AND NOTES PAYABLE (NOTE 11)	24,350	5,150	470	29,970	-
CAPITAL LEASE OBLIGATIONS (NOTE 11)	366	-	-	366	139
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS	-	16,386	-	16,386	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-	-	36,826
TOTAL CURRENT LIABILITIES	76,019	43,691	2,185	121,895	45,738
NONCURRENT LIABILITIES:					
INTERFUND PAYABLE (NOTE 7)	-	-	-	-	1,000
COMPENSATED ABSENCES PAYABLE	1,846	220	10	2,076	1,533
BONDS AND NOTES PAYABLE	538,810	76,836	6,010	621,656	-
CAPITAL LEASE OBLIGATIONS	939	-	-	939	72
ESTIMATED LIABILITY FOR CLOSURE/POST-CLOSURE CARE COSTS	-	97,318	-	97,318	-
ESTIMATED LIABILITY FOR LITIGATION AND SELF-INSURED CLAIMS	-	-	-	-	78,888
TOTAL NONCURRENT LIABILITIES	541,595	174,374	6,020	721,989	81,493
TOTAL LIABILITIES	617,614	218,065	8,205	843,884	127,231
<b>NET ASSETS</b>					
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	(96,740)	(2,416)	54,124	(45,032)	17,376
RESTRICTED FOR:					
DEBT SERVICE	47,908	-	-	47,908	-
UNRESTRICTED	29,313	21,573	45,691	96,577	(21,900)
TOTAL NET ASSETS	\$ (19,519)	\$ 19,157	\$ 99,815	\$ 99,453	\$ (4,524)

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
OPERATING REVENUES:					
NET PATIENT CARE AND SERVICE	\$ 427,102	\$ -	\$ -	\$ 427,102	\$ -
CHARGES FOR CURRENT SERVICES	-	62,500	21,024	83,524	145,171
OTHER	13,443	740	2	14,185	-
TOTAL OPERATING REVENUES	440,545	63,240	21,026	524,811	145,171
OPERATING EXPENSES:					
PROFESSIONAL SERVICES	32,945	27,647	1,684	62,276	7,809
SALARIES AND EMPLOYEE BENEFITS	150,913	4,759	7,342	163,014	29,167
SELF-INSURANCE CLAIMS	-	-	-	-	44,893
SERVICES AND SUPPLIES	257,125	15,324	6,732	279,181	52,342
DEPRECIATION AND AMORTIZATION	18,368	4,074	2,699	25,141	5,356
OTHER	5,861	-	672	6,533	415
TOTAL OPERATING EXPENSES	465,212	51,804	19,129	536,145	139,982
OPERATING INCOME (LOSS)	(24,667)	11,436	1,897	(11,334)	5,189
NONOPERATING REVENUES (EXPENSES)					
INTEREST REVENUE	5,486	3,390	819	9,695	2,810
INTEREST EXPENSE	(31,907)	(2,031)	(317)	(34,255)	(20)
TAX REVENUE	1,464	-	3,968	5,432	-
GRANT REVENUE	20,259	-	2,318	22,577	44
GAIN (LOSS) ON SALE OF CAPITAL ASSETS	-	-	20	20	407
OTHER NONOPERATING REVENUES	-	4,951	1,278	6,229	5
OTHER NONOPERATING EXPENSES	682	-	-	682	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(4,016)	6,310	8,086	10,380	3,246
CHANGE IN NET ASSETS (DEFICIT) BEFORE TRANSFERS	(28,683)	17,746	9,983	(954)	8,435
TRANSFERS TO OTHER FUNDS (NOTE 7)	(4,729)	(5,947)	(3,744)	(14,420)	(1,064)
TRANSFERS FROM OTHER FUNDS (NOTE 7)	40,637	-	859	41,496	473
CHANGE IN NET ASSETS	7,225	11,799	7,098	26,122	7,844
TOTAL NET ASSETS, JULY 1, 2004	(26,744)	7,358	92,717	73,331	(12,368)
TOTAL NET ASSETS (DEFICIT), JUNE 30, 2005	\$ (19,519)	\$ 19,157	\$ 99,815	\$ 99,453	\$ (4,524)

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES -- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES -- INTERNAL SERVICE FUNDS
	MEDICAL CENTER	WASTE SYSTEMS DIVISION	OTHER ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
CASH RECEIVED FROM PATIENT CARE AND SERVICES	\$ 424,978	\$ 57,109	\$ 20,500	\$ 502,587	\$ 145,756
CASH PAYMENTS TO SUPPLIERS OF GOODS AND SERVICES	(278,091)	(43,407)	(8,624)	(330,122)	(93,044)
CASH PAYMENTS TO EMPLOYEES FOR SERVICES	(148,950)	(4,769)	(7,523)	(161,242)	(28,610)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,063)	8,933	4,353	11,223	24,102
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
TAXES RECEIVED	1,464	-	3,968	5,432	-
GRANTS RECEIVED	-	-	1,821	1,821	-
OTHER NONOPERATING REVENUE	682	4,945	1,278	6,905	49
TRANSFERS RECEIVED	40,637	-	859	41,496	1,471
TRANSFERS PAID	(4,729)	(5,823)	(3,744)	(14,296)	(2,064)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	38,054	(878)	4,182	41,358	(544)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
STATE DEBT SERVICE FUNDING RECEIVED	20,259	-	-	20,259	-
ACQUISITION OF CAPITAL ASSETS	(2,737)	(10,506)	(2,294)	(15,537)	(5,489)
PRINCIPAL PAID ON CAPITAL LEASE OBLIGATIONS	(354)	-	(87)	(441)	(574)
INTEREST PAID ON CAPITAL LEASE OBLIGATIONS	-	-	(226)	(226)	(18)
PRINCIPAL PAID ON BONDS AND NOTES	(23,060)	(4,689)	-	(27,749)	-
INTEREST PAID ON BONDS AND NOTES	(32,420)	(1,844)	-	(34,264)	-
PROCEEDS FROM SALE OF CAPITAL ASSETS	-	585	20	605	959
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(38,312)	(16,454)	(2,587)	(57,353)	(5,122)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
PROCEEDS FROM SALE AND MATURITIES OF INVESTMENTS	(2,640)	-	410	(2,230)	-
INTEREST ON INVESTMENTS	5,486	2,468	819	8,773	2,810
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,846	2,468	1,229	6,543	2,810
NET INCREASE IN CASH AND CASH EQUIVALENTS	525	(5,931)	7,177	1,771	21,246
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	76,289	134,756	36,111	247,156	76,929
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 76,814</u>	<u>\$ 128,825</u>	<u>\$ 43,288</u>	<u>\$ 248,927</u>	<u>\$ 98,175</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
OPERATING INCOME (LOSS)	\$ (24,667)	\$ 11,436	\$ 1,897	\$ (11,334)	\$ 5,189
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
DEPRECIATION	18,368	4,074	2,699	25,141	5,356
BAD DEBT EXPENSE	33,781	-	-	33,781	-
AMORTIZATION RELATED TO DEBT	2,871	-	-	2,871	-
CHANGES IN ASSETS AND LIABILITIES:					
ACCOUNTS RECEIVABLE	(39,034)	(3,314)	(198)	(42,546)	501
DUE FROM OTHER GOVERNMENTS	23,467	(2,924)	(390)	20,153	40
INVENTORIES	(122)	-	62	(60)	(94)
PREPAID ITEMS	(1,743)	1,020	-	(723)	(339)
DEFERRED CHARGES	-	154	-	154	-
ACCOUNTS PAYABLE AND OTHER LIABILITIES	(16,947)	6,958	539	(9,450)	(1,113)
SALARIES AND BENEFITS PAYABLE	1,241	39	(65)	1,215	320
DUE TO OTHER GOVERNMENTS	-	-	(75)	(75)	-
ESTIMATED LIABILITIES FOR CLOSURE/POST CARE CLOSURE COSTS	-	(8,716)	-	(8,716)	-
ESTIMATED LIABILITIES FOR LITIGATION AND SELF-INSURANCE CLAIMS	-	131	-	131	14,005
COMPENSATED ABSENCES PAYABLE	722	75	(116)	681	237
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (2,063)</u>	<u>\$ 8,933</u>	<u>\$ 4,353</u>	<u>\$ 11,223</u>	<u>\$ 24,102</u>
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS</b>					
CASH AND CASH EQUIVALENTS	\$ 14,997	\$ 21,482	\$ 43,288	\$ 79,767	\$ 98,175
RESTRICTED CASH AND INVESTMENTS	61,817	107,343	-	169,160	-
	<u>\$ 76,814</u>	<u>\$ 128,825</u>	<u>\$ 43,288</u>	<u>\$ 248,927</u>	<u>\$ 98,175</u>

The notes to the basic financial statements are an integral part of this statement.

COUNTY OF SAN BERNARDINO  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005 (IN THOUSANDS)

	TOTAL	INVESTMENT TRUST	AGENCY
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS (NOTE 6)	\$ 1,943,261	\$ 1,578,328	364,933
INVESTMENTS (NOTE 6)	7,212	-	7,212
ACCOUNTS RECEIVABLE - NET	53	53	-
TAXES RECEIVABLE	131,590	-	131,590
INTEREST RECEIVABLE	136	2	134
LOANS RECEIVABLE	45	45	-
DUE FROM OTHER FUNDS (NOTE 7)	12,981	11,446	1,535
DUE FROM OTHER GOVERNMENTS	169	169	-
INTERFUND PAYABLE	250	-	250
TOTAL ASSETS	<u>2,095,697</u>	<u>1,590,043</u>	<u>505,654</u>
<b>LIABILITIES AND FUND BALANCE</b>			
LIABILITIES:			
DUE TO OTHER FUNDS (NOTE 7)	24,771	891	23,880
DUE TO OTHER GOVERNMENTS	481,774	-	481,774
TOTAL LIABILITIES	<u>506,545</u>	<u>891</u>	<u>\$ 505,654</u>
<b>NET ASSETS</b>			
NET ASSETS HELD IN TRUST FOR INVESTMENT POOL PARTICIPANTS	<u>\$ 1,589,152</u>	<u>\$ 1,589,152</u>	

COUNTY OF SAN BERNARDINO  
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS  
INVESTMENT TRUST FUND  
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS:	
CONTRIBUTIONS ON POOLED INVESTMENTS	\$ 7,544,807
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	11,520
INTEREST INCOME ON CASH AND SECURITIES	<u>32,336</u>
TOTAL ADDITIONS	7,588,663
DEDUCTIONS:	
DISTRIBUTIONS FROM POOLED INVESTMENTS	<u>7,617,948</u>
TOTAL DEDUCTIONS	<u>7,617,948</u>
NET DECREASE IN NET ASSETS	(29,285)
NET ASSETS HELD IN TRUST, JULY 1, 2004	<u>1,618,437</u>
NET ASSETS HELD IN TRUST, JUNE 30, 2005	<u><u>\$ 1,589,152</u></u>



